THE SGROI FINANCIAL

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Year-End Financial Planning

The best financial decisions are made with the benefit of time, thoughtful consideration and trusted professional advice. As the holidays, and inevitably tax time slowly approach, there are many things that you can do to give you the flexibility to make the best long term financial decisions and prepare to minimize expenses, taxes and the headache of organizing your finances at the last minute.

Organize Your Tax Records Early - In preparing for this year's tax filing you should begin to organize tax records including year end investment statements, capital gains and losses from asset sales, transaction records from real estate transactions, interest and dividend records for the year (1099s), payroll and withholding statements (W-2s), records corresponding with deductible expenses such as property taxes and insurance, business income and expense records, etc.

Review Your Insurance Coverages - At least once each year you should gather your insurance records together and review the adequacy of your coverages. Be sure to evaluate all of your insurance, such as life insurance, disability insurance, homeowners insurance, auto insurance, liability insurance, renters insurance, etc.

Store Your Documents - All your difficult to replace legal and financial documents should be stored in a safe and fireproof location. Consider renting a safe-deposit box at your local bank or credit union, or purchase a fireproof lockbox from your local office supplies outlet. Documents you should store include wills, trusts, powers of attorney, titles of ownership (your home, cars, etc.), Social Security cards, birth certificates, photographic negatives, list of personal possessions, etc.

Review Your Estate Plans - Does your will still fairly reflect your personal wishes for the distribution of your assets? Have the personal or financial circumstances or your beneficiaries significantly changed over the past year? Have you considered a gifting program to move assets from your estate to those you wish to enrich? Have you reviewed your estate plan in light of changing estate tax laws or changes in your personal financial position?

Review and Improve Your Balance Sheet - Consider increasing your long-term saving and decreasing your debt. If you are not maximizing your tax-deductible employer sponsored retirement plans and your individual tax-advantaged saving plans you should evaluate your monthly cash flows with a focus on increasing your monthly saving. The other side of your balance sheet (the liabilities side) is equally important in maintaining a healthy personal financial position. Every effort should be made to completely eliminate the need for short-term debt (credit cards and debit balances) and to efficiently manager your long-term debt (mortgages).

Summary - Although you may be able to think of more exciting ways to spend your time, organizing your financial records and planning your financial future will pay huge dividends in the long run.

Tax Shelter Annuity/403(b) Changes

By John G. Clouden CRS®

On July 26, 2007 the IRS released sweeping changes to the 403(b) tax code that will change many things in this arena. Most of these changes will be transparent to our clients and for the most part you will continue doing business the way currently are. I am writing this article to urge you to be patient with your school officials as they go through these changes.

Even though the actual investor will not see the many changes the school districts, not-for-profits and hospitals that administer these accounts will go through a complete change in the way they do business. The districts will now be much more responsible for aspects of administering the 403(b) that they never had to be involved with before.

And if things were not going to be difficult enough for these employers, the IRS has yet to release any clear guidance as to how things should be done so that they are done correctly. The administrators also have many companies pushing them to do things this way and that way without clear guidance.

It may take until early in 2008 to actually have a totally clear understanding of the exact procedures and we will be helping your employers in this transition, so again, please be patient.

A personal message from Joe

Dear Valued Client,

Last edition I spoke to you about volatility and valuations. Well, as we speak the market is back near its all time high and is still 25% undervalued. Oversimplified, that means stocks are still cheap and we're working our way out of the normally most unstable time of year: July thru October. So it is very likely we'll get a significant bounce up in the market by year end, especially with valuations being so low, and with corporate profits in the USA and abroad generally doing well.

So try and be patient and stay as fully invested as you can stand without causing sleepless nights (see the Value of Patience on page 3). You will very likely be handsomely rewarded.

The news on our golf course/ learning center gets better everyday. Harvest Hill has already been rated the # 1 public golf course in Western New York. It is absolutely beautiful!! So, if you haven't had a chance to get out there, call 662-1980 and schedule a tee time (if snow hasn't arrived by the time you get this newsletter! ☺) Or, just come out and browse around.

Our learning center for kids and beginners is incredible...50 acres with their own 3 hole golf course and secluded short game center (huge putting green and sand traps to practice out of).

If you're interested in helping financially and get a tax-deduction before the end of the year, simply make a check out to "The West Seneca Rotary Foundation, Inc". You can mail it to the office to my attention. Any donation is appreciated and will be put to very good use.

Thanks for all your help and support. We'll see you at your next appointment.

All the best!!

Joe

Women and Investing

by Jennifer L. Jurek CFP®

80%-90% of women will be solely responsible for handling their finances at some point in their lives. While woman are taking control of their financial future, there are still obstacles to overcome and plan for. For example, an average woman spends less time in the workforce due to caring for children at home, working part time, or becoming a caregiver for elderly parents. Woman are also less likely to work for companies that offer retirement plans or they forfeit retirement benefits (including social security) by taking time off to care for their family members. Women also continue to earn less then men (on average) and retire with ½ the average pension income as men do. Woman may also find themselves widowed or divorced at a young age. These situations require proper planning as women have an average life expectancy of 5-7 years longer then men. Meeting with a trusted advisor can help you prepare, feel more empowered and more secure about you and your families future. If you would like to learn more about this topic, please call me to set up an appointment. (Data source: Oppenheimer Funds, "A Woman's Guide to Investing".

Long Term Care

by Erika M. Vranjes

Americans are living longer due to the advances in health and medical care. It is estimated that 44% of seniors reaching age 65 can expect to need some kind of long term care at some point in there life.

There are several different services that fall under "Long Term Care". These services include: home health care, adult day care, nursing home facilities, assisted living and range in the amount of care they provide. All of these services are here to help you with the activities of daily living whether it be short term or long term care that is needed. The activities of daily living are things that people do independently everyday such as eating, bathing, using the toilet, moving from a bed to a chair, and dressing.

The average cost of nursing home care in New York in 2006 was $285/day or $104,025.00 annually, with an average stay of 2.5 years. Home care services average $19/hour in 2006 for personal services and $100 per visit for RN nursing care.

Many of us believe that Medicare will just step in and pay the bill for Long Term Care, but this is not the case. Medicare pays for very little or none of the care we may need. It pays a limited benefit for skilled care only and there are requirements that need to be met before entering into a nursing home. Medicare will only pay the first 20 days at full cost and the next 80 days at a partial cost. Meaning you will have to pay a co-pay of up to $124/day in 2007. After the 100 days the patient must pay for the entire cost of nursing home care.

If this is something you might be interested in learning more about please contact your financial planner today. (Data source: New York State Insurance Department website: www.ins.state.ny.us/lntmcare.htm).

Value of Patience

When it comes to investing, patience can have its rewards. In fact, for the past 10 years ended December 31, 2006, a hypothetical $10,000 investment in Standard & Poor's 500 Composite Index would have almost doubled to $19,147. However, if during this time frame, you missed the:

- 30 best market days, that $10,000 investment would have lost more than 40% of its value and declined to $5,902.
- 20 best days, the investment would have decreased to $8,224.
- 10 best days, the investment would have grown to $11,937 — $7,210 less than if the investment was held all 2,516 market days during the 10-year period.

The overwhelming point of these numbers is that a market investor should try and be in the market, not try and time getting in and out of the market. Our job here is to try and put our clients in the most suitable and high quality investment as we possible can. (Data source: American Funds website: www.americanfunds.com).

The Standard & Poor's 500 Composite Index is an unmanaged broad measure of the US stock market. Index results assume reinvested distributions but do not reflect sales charges, commissions or expenses. It is not possible to invest directly in an index. Equity investments are subject to market fluctuations. Past results are not predictive of results in future periods.

Employee Profiles

Mary C. Radder

Title - Executive Asst. to Pat Sgroi

Mary joined the firm in June 1997 and has become a permanent fixture at Sgroi Financial.

She has held many positions in her 10 years, including reception, mail room and always willing to help where ever she was needed. She has been Patrick's assistant for nine of those 10 years and recently became a Registered Para Planner.

Mary has lived in West Seneca for the past 16 years along with her husband Neal and her 4 sons – Neal Jr., Andrew (recently engaged), Mathew and John. In her spare time Mary likes to travel (at Pat's dismay), read and spend time with her family. On her most recent trip, she and her son Andrew went sky diving for the first time - 14,000 feet. We are just happy that she made a safe landing and is back at work.

Marie M. Szefler

Title - Chief Receptionist

Marie joined our firm July 16, 2001 and is one of the smiling voices that greets you when you call the office. She is the extremely friendly lady that says "Hello" and offers you a cup of coffee the minute you walk into the office.

On the weekends you can most often find Marie spending time with her family and one of her 8 grandchildren.

For the last nine years she has been involved in a community program called Youth for Understanding (YFU), in which she welcomes 25 exchange students into her South Buffalo home every Columbus Day weekend. These students come from far away as Japan, China, Scotland, and New Zealand. We are so glad that she is part of our family.

3 Cheers!

- Sgroi Financial, LLC has again (3rd year in a row) been rated as one of the top 15 Family Run financial planning firms in the nation by Research Magazine.
- Joe has also been recognized as one of the top 100 independent financial advisors in the USA. Well done Joe!!
- Congratulations to a Sgroi Financial friend and client Kevin Kelly. Kevin is Vice President of IPLogic, which has been nationally recognized by Inc. Magazine as one of the 5,000 fastest growing companies in the nation.
- Harvest Hill golf course has been open for over 3 months now and has been receiving glowing reviews. How glowing? Try and book a tee time on one of these beautiful autumn days...good luck!

Halloween Holiday Trivia

- Orange and black are Halloween colors because orange is associated with the Fall harvest and black is associated with darkness and death.
- Jack o' lanterns originated in Ireland where people placed candles in hollowed-out turnips to keep away spirits and ghosts on the Samhain holiday.
- Halloween was brought to North America by immigrants from Europe who would celebrate the harvest around a bonfire, share ghost stories, sing, dance and tell fortunes.
- Tootsie Rolls were the first wrapped penny candy in America.
- The ancient Celts thought that spirits and ghosts roamed the countryside on Halloween night. They began wearing masks and costumes to avoid being recognized as human.
- Halloween candy sales average about 2 billion dollars annually in the United States.
- Chocolate candy bars top the list as the most popular candy for trick-or-treaters with Snickers #1.
- Halloween is the 2nd most commercially successful holiday, with Christmas being the first.

Halloween Movie Details

- 'Halloween" was made in only 21 days in 1978 on a very limited budget.
- The movie was shot in the Spring and used fake autumn leaves.
- The mask used by Michael Meyers in the movie "Halloween" was actually William Shatner's mask painted white.
- While the setting for the story is in Illinois, the license plates on the vehicles have California plates.